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# HOUSE BILL No. 1765

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-21-5.2.

**Synopsis:** Limit property tax for elderly. Provides a property tax credit to a homestead owner eligible to receive full Social Security benefits. The amount of the credit for a homestead owner whose adjusted gross income is \$75,000 or less is determined so that the owner's net property tax liability on the homestead in future years will not be greater than the individual's net property tax liability in the first year the individual qualified for the credit, as adjusted annually for inflation. The credit is one-half that amount for a homestead owner whose adjusted gross income is between \$75,000 and \$100,000. Provides that the property tax credit is payable from the property tax replacement fund. Annually appropriates from the property tax replacement fund an amount sufficient to pay for the property tax credits.

**Effective:** July 1, 2001.

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January 17, 2001, read first time and referred to Committee on Ways and Means.

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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

## HOUSE BILL No. 1765

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-1.1-21-5.2 IS ADDED TO THE INDIANA  
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2001]: **Sec. 5.2. (a) The following definitions**  
4 **apply throughout this section:**

5 (1) **"Base year" means the most recent calendar year:**

6 (A) **in which an individual qualifies and files for the credit**  
7 **under this section; and**

8 (B) **that is preceded by a calendar year in which the**  
9 **individual did not qualify or file for the credit under this**  
10 **section.**

11 (2) **"Dwelling" means:**

12 (A) **an improvement to residential real property; or**

13 (B) **a mobile home not assessed as real property;**

14 **that an individual uses as the individual's residence.**

15 (3) **"Homestead" means an individual's principal place of**  
16 **residence that:**

17 (A) **is located in Indiana;**



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(B) the individual either owns or is buying under a contract requiring the individual to pay the property taxes on the residence; and

(C) consists of a dwelling and any real estate, not exceeding one (1) acre, that immediately surrounds the dwelling.

(4) "Net property tax bill" means the amount of property taxes currently due and payable by an individual for a particular calendar year after the application of all deductions and credits, except for the credit allowed under this section, as evidenced by the tax statements prepared and mailed under IC 6-1.1-22-8.

(5) "Qualifying individual" means an individual:

(A) who, as of January 1 of the calendar year that immediately precedes the calendar year for which the claim for a credit under this section is being made, is at least the age that qualifies the individual for full Social Security benefits; and

(B) whose adjusted gross income for the calendar year that immediately precedes the calendar year for which the claim for a credit under this section is being made did not exceed one hundred thousand dollars (\$100,000).

(b) Each year a qualifying individual may receive a credit against the net property tax bill on the individual's homestead if the net property tax bill on the individual's homestead for the calendar year for which the claim is being made, before the application of the credit provided by this section, is greater than the net property tax billed to the individual for that homestead for the individual's base year. Except as provided in subsection (d), the amount of the credit to which a qualifying individual is entitled equals the remainder of:

(1) the net property tax bill, before the application of the credit under this section, on the individual's homestead for the calendar year for which the claim is being made; minus

(2) the net property tax billed to the individual for the homestead for the individual's base year, as adjusted for inflation under subsection (c).

(c) The state board of tax commissioners shall each year determine an inflation factor under a formula or method adopted by the board, using the most recent implicit price deflator for gross national product published by the U.S. Department of Commerce in its Survey of Current Business. The county auditor shall apply the inflation factor to adjust:

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(1) for the calendar year that immediately succeeds an individual's base year, the individual's net property taxes billed for the homestead for the individual's base year; or

(2) for each later year, the individual's net property taxes billed for the homestead for the individual's base year, as adjusted under this subsection for the immediately preceding year.

(d) A qualifying individual whose adjusted gross income as described in subsection (a)(5)(B) is greater than seventy-five thousand dollars (\$75,000) is entitled to a credit in the amount of fifty percent (50%) of the credit amount determined under subsections (b) and (c).

(e) This subsection applies to a homestead that is not a mobile home assessed and taxed under IC 6-1.1-7. An individual who desires to claim the credit provided by this section must file a certified statement in duplicate, on forms prescribed by the state board of tax commissioners, with the auditor of the county in which the individual's homestead is located. The statement must be filed during the twelve (12) months immediately preceding May 11 of the year before the first year for which the person wishes to obtain the credit under this section. The statement applies for that first year and any succeeding year for which the credit is allowed. The statement must contain the following information:

(1) The individual's full name and complete address.

(2) A description of the individual's homestead and the number of years that the individual has resided at that homestead.

(3) Proof of the individual's age.

(4) Proof of the individual's qualification for full Social Security benefits.

(5) The name of any other county and township in which the individual owns or is buying real property.

(6) Any other information requested by the state board of tax commissioners.

(f) This subsection applies to a homestead that is a mobile home assessed and taxed under IC 6-1.1-7. An individual who desires to claim the credit provided by this section must file a certified statement in duplicate, on forms prescribed by the state board of tax commissioners, with the auditor of the county in which the individual's homestead is located. The statement must be filed during the twelve (12) months immediately preceding February 1 of the first year for which the person wishes to obtain the credit

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under this section. The statement applies for that first year and any succeeding year for which the credit is allowed. The statement must contain the information specified in subsection (e)(1) through (e)(6).

(g) If two (2) individuals own a homestead as tenants in common, joint tenants, or tenants by the entirety and one (1) or both of the individuals meet the eligibility requirements of this section, those individuals are together entitled to one (1) credit under this section.

(h) The auditor of a county with whom a statement is filed under this section shall immediately prepare and transmit a copy of the statement to the auditor of any other county if the statement contains information indicating that the individual who claims the credit owns or is buying real property located in the other county. The county auditor of the other county shall note on the copy of the statement whether the individual has claimed a credit under this section for a homestead located in that other county. The auditor shall then return the copy to the auditor of the first county.

(i) Upon receiving a proper credit statement, the county auditor shall allow the credit and shall apply the credit equally against each installment of property taxes payable in that calendar year. The county auditor shall include the amount of the credit applied against each installment of taxes on the tax statement required under IC 6-1.1-22-8.

(j) After January 31 and before February 15 of each year, each county auditor shall certify to the state board of tax commissioners the number and amounts of the credits allowed under this section for that calendar year. Upon receiving the certifications, the state board of tax commissioners shall determine the total amount of the credits allowed in each county under this section and shall certify the totals to the department at the same time the state board of tax commissioners certifies the total county tax levies. The department shall distribute to each county from the property tax replacement fund the amount of credits certified for that county by the state board of tax commissioners at the same time and in the same manner as the department distributes the county's estimated distribution under section 4 of this chapter. There is annually appropriated to the department from the property tax replacement fund an amount sufficient to make the distributions required by this subsection.

(k) If an individual knowingly or intentionally files a false statement under this section, the individual must pay the amount

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1 of any credit the individual received because of that false claim,  
2 plus interest, to the state board of tax commissioners for deposit in  
3 the property tax replacement fund established by section 1 of this  
4 chapter.

5 SECTION 2. [EFFECTIVE JULY 1, 2001] (a) IC 6-1.1-21-5.2, as  
6 added by this act, applies to property taxes first due and payable  
7 after December 31, 2002.

8 (b) This SECTION expires January 1, 2004.

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